



County of Los Angeles
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April 6, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains an update on the State Budget, a pursuit of a County position on legislation to maximize Federal funding for specialty mental health services, an update on two County-sponsored measures related to reimbursement for medical treatment and clarification of a probation officer's authority to consent for detained minors, and the status of County-advocacy legislation related to extended producer responsibilities and polystyrene food containers.

State Budget

On April 4, 2011, Governor Brown signed AB 109 and AB 111, the budget trailer bills which enact the framework for the transfer of low-level offenders, adult parolees and juvenile offenders from the State to counties and to expedite the availability of funds for construction of county jails to house low-level offenders. As reported on March 24, 2011, the Governor signed 13 budget trailer bills to address approximately \$11.2 billion of the \$26.6 billion State Budget deficit. Two major budget bills remain. SB 69, the FY 2011-12 State Budget Act has not been sent to the Governor, and SB 77, which would eliminate redevelopment agencies, is still pending action by the Legislature.

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The Governor's action on AB 109 and AB 111 comes one week after he announced that he was halting negotiations with the Republican leadership to place a ballot initiative on a June Special Election to seek voter approval of a five-year extension of sales, vehicle and income taxes to resolve the remaining portion of the budget shortfall and to provide \$5.9 billion in funding for his Realignment Proposal.

In his signing message for AB 109, the Governor stated that he will work closely with and consult with police chiefs, sheriffs, chief probation officers, district attorneys and representatives of the courts and counties to ensure that sufficient funding is available to protect public safety. The Governor expressed his regret that the Legislature has not acted on the State Constitutional Amendment (ACAx1 2 and SCAx1 1), which would provide counties with constitutional protections and revenue for programs proposed for realignment from the State to counties.

The Governor announced that he will continue to vigorously pursue his plan to balance the State Budget and prevent reductions to public safety programs and that he will continue to partner with counties and law enforcement on this important effort. The Governor stated that he is preparing his May Budget Revise which will include alternatives to address the State's now \$15.4 billion deficit.

The following is a summary of the two Public Safety Realignment measures signed by the Governor:

AB 109 Public Safety Realignment. This measure establishes the framework for transfer of low-level offenders, adult parolees and juvenile offenders from the State to counties. This measure does not contain all of the elements for Public Safety Realignment and it would be effective only upon the creation of a community corrections grant program and upon an appropriation of funding to counties. AB 109 contains the following major provisions:

- Specifies the low-level felony convictions of inmates that would be held in local custody;
- Specifies that low-level offenders on probation/parole would have their revocation hearings with local courts;
- Specifies that parole supervision for serious felonies, violent felonies, those with two or more felony convictions, and high-risk sex offenders would continue to be performed by the State;
- Increases credits for time served for specified prisoners;

- Specifies that days served under home detention shall qualify as mandatory time in jail;
- Shifts high-risk juvenile offenders from the State Division of Juvenile Justice to counties unless a county has entered into a memorandum of understanding with State to supervise these juveniles;
- Authorizes local corrections administrators to offer voluntary home detention to all inmates; and
- Allows a county board of supervisors to authorize electronic monitoring for those being held in custody in lieu of bail.

AB 111 Jail Construction Bonds. This measure accelerates the availability of AB 900 jail construction bonds to give preference to counties that committed the largest percentage of inmates to State prisons in 2010. AB 111 retains the 25.0 percent county match requirement; however, in his signing message, Governor Brown announced that he will seek legislation to reduce the county match requirement to 10.0 percent.

Pursuit of County Position on Legislation

AB 1297 (Chesbro), which as introduced on February 18, 2011, would maximize reimbursement of Federal Medicaid funding to counties for specialty mental health services.

Under existing law, each county's Mental Health Plan (MHP) must provide specialty mental health services to Medi-Cal beneficiaries and seek the maximum Federal reimbursement for services rendered to the mentally ill. Individuals may receive Medi-Cal specialty mental health services if the service is both covered under Medi-Cal and deemed medically necessary. Specialty mental health services are provided by psychiatrists, psychologists, and other licensed therapists and include mental health assessments, group or individual therapy, medication support, intensive day treatment, crisis intervention and stabilization, and residential treatment services.

Additionally, each county's MHP is required to maintain a provider network, authorize services, and pay most providers. Counties must submit claims for reimbursement to the State within six months from the date services are provided. Reimbursement rates are fixed at levels established in 2006 and may only be provided for direct client services with administrative costs limited to 15.0 percent of the total cost for direct services.

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AB 1297 would conform State claiming and reimbursement for specialty mental health services to Federal Medicaid regulations by: 1) extending the period for counties to submit claims for reimbursement from six months to 12 months; 2) aligning State reimbursement rates to the Federal upper payment level, the Medicaid State Plan and approved Medicaid waivers; and 3) eliminating the 15.0 percent administrative cap on MHPs.

The Department of Mental Health (DMH) indicates that the State's six-month claiming requirement results in the potential loss of Federal funding to the County. According to DMH, it may take more than six months to gather the documentation needed from mental health service providers to submit claims for reimbursement for specialty mental health services. AB 1297 would extend the claiming period to 12 months thereby reducing the potential of denied claims and maximizing Federal reimbursement to the County for specialty mental health services.

The Department of Mental Health and this office support AB 1297. Therefore, consistent with existing Board policy to support measures which maximize Federal revenue, **the Sacramento advocates will support AB 1297.**

This measure is awaiting a hearing in the Assembly Health Committee.

Status of County-Sponsored Legislation

County-sponsored AB 396 (Mitchell), which as amended on March 31, 2011, would allow counties to obtain Federal matching funds to reimburse them for the medical treatment for minors who are hospitalized and outside of the County's detention facility for more than 24 hours, passed the Assembly Public Safety Committee by a vote of 7 to 0 on April 5, 2011. This measure now proceeds to the Assembly Health Committee.

County-sponsored SB 913 (Pavley), which as amended on March 29, 2011, would authorize a probation officer to consent to routine medical care for detained minors if the parent or legal guardian cannot be located or if they do not respond to requests for consent, passed the Senate Public Safety Committee by a vote of 7 to 0 on April 5, 2011. This measure now proceeds to the Senate Appropriations Committee.

Status of County-Advocacy Legislation

County-supported SB 515 (Corbett), which as introduced on February 17, 2011, would: 1) require battery manufacturers to submit a stewardship plan to the Department of Resources Recycling and Recovery (CalRecycle) for review; 2) prohibit a producer, wholesaler, or retailer from selling household batteries unless CalRecycle certifies the

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submitted plan as complete; and 3) establish progressive collection goals for household batteries of 25.0 percent by 2015, 45.0 percent by 2017, with proof of continuous meaningful improvement in the collection rate starting January 1, 2018 and after, passed the Senate Environmental Quality Committee by a vote of 5 to 2 on April 4, 2011. This measure now proceeds to the Senate Appropriations Committee.

County-supported SB 568 (Lowenthal), which as introduced on February 17, 2011, would prohibit, on and after January 1, 2013, a food vendor from dispensing prepared food to a customer in a polystyrene foam food container, passed the Senate Environmental Quality Committee by a vote of 5 to 2 on April 4, 2011. This measure now proceeds to the Senate Floor.

We will continue to keep you advised.

WTF:RA
MR:VE:EW:sb

c: All Department Heads
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